

**MINUTES
CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
ALD. TODD BANCROFT, CHAIR**

**TUESDAY, JANUARY 22, 2019
IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS – 2 EAST MAIN STREET**

1. Call to Order

The meeting was convened by Chairman Bancroft at 7:14 pm.

2. Roll Call

Present: Ald. Lewis, Silkaitis, Payleitner, Lemke, Gaugel, Vitek and Bessner.

Absent: Ald. Stellato, Turner

3. Administrative

- a. FY 18/19 City of St. Charles Fuel Tax Receipts – Information Only
- b. Video Gaming Statistics – Information Only

4. Omnibus Vote

Items with an asterisk (*) are considered to be routine matters and will be enacted by one motion. There will be no separate discussion on these items unless a council member/citizen so requests, in which event the item will be removed from the consent agenda and considered in normal sequence on the agenda.

5. Fire Department

- *a. **Recommendation to approve an Ordinance Authorizing the Disposal of Surplus Personal Property Owned by the City of St. Charles.**

Motion by Ald. Turner second by Lemke to approve the omnibus vote.

Voice Vote: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.

Motion Carried

- *b. **Recommendation to approve an Ordinance Authorizing the Disposal of Surplus Fire Department Equipment.**

Motion by Ald. Turner second by Lemke to approve the omnibus vote.

Voice Vote: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.

Motion Carried

6. Police Department

- a. **Recommendation to approve a proposal for a new massage establishment license for P & S Enterprises, Inc., dba Massage Lux located at 921 S Randall Road, St. Charles.**

Chief Keegan noted that the item advanced from the Liquor Control Commission meeting with a vote of 4 – 0. The business is located at 921 Randall Rd and will occupy 2800 sq. ft.; 1000 sq. ft. will be a massage facility. This is a franchise similar to Massage Envy or Heavenly Massage. The floor plan was reviewed, a site visit took place, and he recommends in favor of the license.

Ald. Payleitner asked how we can license a business that has no manager or therapists yet.

Chief Keegan said it would be contingent upon proof that managers have been provided and vetted property. To get the lease executed they needed approval from the City. We will hold those in abeyance and make sure they are vetted properly.

Motion by Ald. Lewis, second by Lemke to recommend approval of a proposal for a new massage establishment license for P & S Enterprises, Inc., dba Massage Lux located at 921 S Randall Road, St. Charles.

Voice Vote: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.

Motion Carried

b. Recommendation to approve an Ordinance Amending Title 5 “Business Licenses and Regulations”, Chapter 5.08 “Alcoholic Beverages”, Section 5.08.090 “License Classifications” of the St. Charles Municipal Code. (Class A2 package license – tasting.)

Chief Keegan explained that this item advanced with 2-2 vote with the Mayor in favor of this recommendation. Models were looked at in Carol Stream and Bloomingdale, specifically what is in place at the Mariano’s and Whole Foods stores. This would enhance our ordinance to be consistent with other municipalities. Page 2 of the document included in your packet explains that this leaves the ordinance intact, with some additional provisions. The tasting area can’t exceed 5% of the gross floor space. The retail establishment cannot offer goods outside of alcohol or food, and if clothing or jewelry is being sold alcohol consumption is not allowed per state statute.

Ald. Lewis asked for clarification regarding this change and noted that Jewel, Meijer, Walgreens, Costco, wouldn’t be able to do this because they sell goods other than food. She then inquired if this is designed for one establishment, the Blue Goose?

Chief Keegan said as long as the primary purpose is food and beverage sales it would be okay. When a business starts encroaching into the sale of merchandise that’s when it’s not allowed. The only store that has approached the City with this concept is Blue Goose. Ald. Lewis said that she thinks it would be prudent for us to figure out how to move forward with this before we solidify something, and said she would like to hear what happened at the Liquor Control Commission (LCC) meeting earlier that evening.

Ald. Silkaitis explained that there was some discussion and concerns brought up at the LCC meeting. He and another member have concerns about walking around a grocery store drinking scotch, beer, or basically whatever you want. It’s not a concept they are comfortable with at this point. He indicated that this could cause problems with enforcement.

Ald. Vitek said that she thinks it important that St. Charles businesses be competitive with other communities. She also mentioned that she agrees that other businesses such as Meijer and Target might approach us with this, but she doesn't want to inhibit a business that wants to do it because of that. She stated based on the guidelines presented she thinks it's a good decision. She went further to say she's attended some tastings at the Blue Goose and it's been controlled.

Ald. Payleitner asked why the State allows you to drink and grocery shop but not drink and dress shop?

Chief Keegan said it's allowed as long as there is no merchandise being sold. It's what the intent or purpose of the business and the license has to be ancillary to that.

Ald. Payleitner asked Mr. Lencioni which communities are doing this.

Mr. Lencioni said he is only interested in selling wine, and that it's integrated into selling food. We're talking about a concept that's already effective in the region. This concept has been in the Chicago area for about 10 years. Angelo Caputo's in Carol Stream and Mariano's in Bloomingdale are doing this. Mr. Lencioni noted that it's not about drinking but more about culture and showing the market that you're open to ideas.

Ald. Payleitner said the culture is what she's concerned about, and she's not sure it's the St. Charles culture yet. Ald. Payleitner indicated that she's okay with wine, but doesn't agree with the alcohol portion of this.

Mr. Lencioni stated that this will be fully staffed with trained employees who understand the environment. He noted it's about shopping, and that they are in the business of managing people.

Ald. Payleitner said that she thinks it a big leap right out of the gate, and that it could be trimmed down to what your (Blue Goose) specialty is.

Ald. Lewis said she's not opposed to this concept, but she would like to take the Blue Goose out of the ordinance, and write the ordinance as to what we would like to see happen in St. Charles. She went on to say that in her opinion the Blue Goose fits the boutique shopping experience, but she would like to see an ordinance that did not include spirits. She stated the ordinance needs a bit more work before we can move forward.

Ald. Vitek asked Chief Keegan if he is comfortable with the ordinance. Chief Keegan answered that he is comfortable; he did the research and adopted this language from other municipalities, Carol Stream, Bloomingdale and Wheaton.

Ald. Vitek said she would like to see St. Charles be ahead of the curve. We have a business that wants to be competitive with businesses in the communities around us. Chief and staff are comfortable with this ordinance. I would like to see us move forward with this.

Ald. Lewis asked if Ald. Vitek would be comfortable with removing spirits from the ordinance and moving forward with beer and wine only. Ald. Vitek indicated that she would like to move forward with the ordinance as it stands.

Chief Keegan commented that he adopts business models and works with businesses that are in place as well as perspective businesses. He noted that he works with Mr. McGuirk and often times they look for best practices elsewhere. This is boiler plate language that the State looked at and that was gathered from other municipalities.

Ald. Lemke asked if consumption would take place in a defined area.

Chef Keegan said that single servings would be purchased in a controlled transaction area and would be allowed throughout the store. In this particular model, because of the grilling that takes place in spring, summer and fall, there would also be sales outside within a fenced, supervised area.

Ald. Bancroft noted that this is indicative of where all retail is going and it's experiential. He said he applauds Mr. Lencioni for being experiential and that it has to be done even for a grocery store.

Ald. Payleitner mentioned that she respects the Chief, he does his due diligence and research, but we have to think if it's good for our town and if we want to open the door for businesses to do this. She stated that she has no problem with Mr. Lencioni's application, but thinks we need to move slowly. She noted again that she has an issue with spirits.

Motion by Ald. Vitek, second by Gaugel to recommend the approval of an Ordinance Amending Title 5 "Business Licenses and Regulations", Chapter 5.08 "Alcoholic Beverages", Section 5.08.090 "License Classifications" of the St. Charles Municipal Code. (Class A2 package license – tasting.)

Roll Call: Ayes: Lemke, Gaugel, Vitek, Bessner; Nays: Silkaitis, Payleitner, Lewis. Chairman Bancroft did not vote as Chair. **Motion Carried.**

c. Recommendation to approve Site Plan Modifications for The Blue Goose Supermarket located at 300 S 2nd Street, St. Charles.

Chief Keegan presented the site plan modifications for the Blue Goose Supermarket and mentioned this will be a moot point if the ordinance does not get approved. The code does not require committee or commission approval. The approval lies with the Liquor Commissioner. Mr. Lencioni has put together a business plan and a detailed drawing of the sales/transaction area he spoke of earlier. In addition, there are some aerial shots with some fencing he's like to erect.

Motion by Ald. Payleitner, second by Ald. Lewis to recommend the approval of Site Plan Modifications for The Blue Goose Supermarket located at 300 S 2nd Street, St. Charles.

Roll Call: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair. **Motion Carried.**

d. Recommendation to approve an Ordinance Amending Title 5 “Business Licenses and Regulations”, Chapter 5.08 “Alcoholic Beverages”, Section 5.08.130 “License – Hours of Sale” of the St. Charles Municipal Code. (Class A, F, and G – hours of sale.)

Chief Keegan said that he has been speaking to some businesses that are contemplating moving to St. Charles as well as some existing businesses, and has been asked to look at the code. During his research he discovered that only Geneva has a sunset clause of 10:00 pm on liquor sales at package good stores. West Chicago is midnight, South Elgin and Campton Hills are more liberal. From an enforcement and compliance perspective he would advocate that all licenses mirror one another. All of the restaurants and taverns have midnight licenses. The amendment of this ordinance will allow us to be consistent and competitive with our neighboring municipalities, but will also help with enforcement

Amending Title 5 “Business Licenses and Regulations”, Chapter 5.08 “Alcoholic Beverages”, Section 5.08.130 “License – Hours of Sale” of the St. Charles Municipal Code. (Class A, F, and G – hours of sale.)

Roll Call: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.
Motion Carried.

e. Recommendation to approve a proposal for a new class B1 liquor license including a 2:00 am late night permit for Flagship on the Fox, located at 100 S. Riverside Avenue, St. Charles.

Chief Keegan indicated that the petitioner Steve Mayer owns and operates numerous establishments in Chicago that are very successful. Mr. Mayer will be taking the northern portion of the building located at 100 S Riverside Avenue, the old Chord on Blues building. The owner has proposed some façade improvements as well as an interior build-out that will enhance the look and feel of the business.

Motion by Ald. Payleitner, second by Ald. Gaugel to recommend the approval of a proposal for a new class B1 liquor license including a 2:00 am late night permit for Flagship on the Fox, located at 100 S. Riverside Avenue, St. Charles.

Roll Call: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.
Motion Carried.

f. Recommendation to approve a proposal for new class B1 liquor license including a 1:00 am late night permit for Jay’s & N Inc., dba Pub 47, located at 1890 W. Main Street, Suite B1, St. Charles.

Chief Keegan informed Council that this was presented at the Liquor Control Commission and passed with a vote of 4 – 0. He mentioned that he would like to make a friendly amendment to a 2:00 am permit instead of a 1:00 am permit. The petitioner will buy the inventory from the current ownership group and would like to remain intact as Pub 47 for approximately 90 days. The business would then transition into Throwbacks Lounge. He has been made aware that

video gaming does not stay with the business and that there is a 1-year moratorium on that with a new license.

Ald. Payleitner inquired as to whether they will transition into a brewery. Mr. Aagoston indicated that he will not be a brewery but a sports bar. Chief Keegan indicated that he will be serving craft beer, but will not be a brewery.

Motion by Ald. Gaugel, second by Ald. Vitek to recommend approval of a proposal for a new class B1 liquor license including a 1:00 am late night permit for Jay's & N Inc., dba Pub 47, located at 1890 W. Main Street, Suite B1, St. Charles.

Roll Call: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.
Motion Carried.

7. City Administrator

- a. Continued discussion concerning Carriage Oaks Senior Complex.

City Administrator, Mark Koenen reminded the committee members of the meeting that took place regarding Carriage Oaks approximately 1 month prior, and the conversation relating to the City approving the transfer of the property, not approve the transfer, or simply withdraw as a sponsor. Staff was charged with continuing to have conversations with both the purchaser and the seller. There were a couple of issues; first, what is our level of comfort and information regarding the operations, financial record keeping, and audits that have taken place with Carriage Oaks through the years? The City of St. Charles was not involved the past number of years so we have some information, but not all, and there is concern with the level of information we have. Second, there is the concern about liability. Attorney McGuirk was able to work with the purchaser, seller, and Essex Corporation to provide us with an indemnity and hold harmless agreement if we were simply withdraw from being a member of their organization. The staff's perspective, in terms of protecting the corporate interest of the organization, is that we accept the agreement and resign as a sponsor.

Ald. Bessner asked when the agreement would be in place if we were to withdraw. Mark indicated that nothing would happen before the City Council acted on it officially on February 4. Ald. Bessner asked if the City Council were to decide to withdraw how quickly would that be put in place, or if it's tied to the closing. Attorney McGurik answered that he thinks it would happen shortly thereafter, but wasn't aware of when the closing is scheduled. Mark then indicated that there are no comments about that in the document. He said that both the City and the Township would need to take the same action and the closing would most likely be scheduled at that point.

John Freidline (resident carriage oaks 14th street). John mentioned that he was at the meeting in December, and thanked the Mayor and Council members for the probing questions they presented at that meeting. He went on to say that at the last meeting they were told that the residents were fully informed about the buy-out proposal. He said the residents were informed by a memo on or about September 28, 2018 that there would be a special meeting on October 1, 2018. All residents were encouraged to attend as they would have an important decision to make. The purpose of the meeting was a secret. At the October 1, 2018 meeting the residents were informed that the entrance fee model was becoming difficult to market and one resident

had defaulted. It would be to their advantage to recover 90% of their entrance fee and not have to worry about selling the unit when moving. The members were given a packet of material containing the proposal from Essex to convert to a for-profit rental community. The packet also contained a proxy to be voted on at the next meeting on October 9, 2018. Over the next 3 days residents were given 15 minutes with Essex representatives to ask questions. Those meetings were 2 on 1, behind closed doors where a hard sell was given. There was no general meeting of the residents for a give and take on the buy-out proposal. The following meeting on the 9th, we were to find out the results of the vote. The meeting started late, the proxy vote was voided and the meeting was adjourned until November 15, 2018. The residents were not informed of why the proxies were voided. The residents were told they would receive a new proposal and proxy. The only change in the proposal was to take 10% from the entrance fee only and not the supplemental fee paid by some when buying in. At the November 15 meeting we were told the proxy vote was 70 for the sale, 9 against the sale. Who counted the votes, and who watched the counting?

I got the board minutes and nothing was recorded about the proposal. I couldn't get minutes from the August meeting. I assume the proposal was brought up at that meeting. The board members were told at the August meeting everything was taken care of and they didn't have to be concerned. Before the proposal was given to us we had 5 vacancies, does that mean we were a failing community? How far in debt were we? Why was there so much secrecy and a rush to vote? None of these questions have been answered. There were 3 Essex representatives at the Council Meeting last month. Where was our representative? Our residents, senior citizens, have all decided to live at Carriage Oaks. I don't think that they should have to make a decision to change that at this stage of life. I think this maybe borders on senior abuse. What do I get for the 90% equity in my home? I get the opportunity to move, or live in my home as a tenant at an increase of \$1400 per month. At that rate it won't take long for Essex to make up what they paid for my home. We just got the lease and weren't allowed to see it prior to voting. We were given a verbal promise the community would continue to operate as in the past. Was it a mistake for the City to sponsor Carriage Oaks a not-for-profit, affordable, senior housing complex, and now back away from the commitment to provide for the well-being of residents?

This buy-out has caused a major disruption for those living in Carriage Oaks. Many residents have already moved, and others are trying to downsize to afford living there. I have several financial statements from when I moved into Carriage Oaks, none indicate that we are losing money. It looks as though we made money every year. I ask that if this buy-out is to take place we have a representative look at the books, check the facts, and tell us that we are a failing community, the buy-out is the necessary, and the offer is the most equitable solution to the problem.

Chair Bancroft stated that staff recommendation is focused on the right thing, the liability of the City. All of the answers that Mr. Freidline is asking can only be given by someone other than the City. We haven't been a participant and have not had a role. I think the proposal by staff; I will be in favor of it. I think it absolves the City of liability in this instance. Every concern expressed by Mr. Freidline should be expressed to their governing body.

Ald. Gaugel said he agrees and will make the motion. The alderman went on to say that he sincerely feels for Mr. Freidline and that the whole thing leaves a bad taste. He noted that he finds it hard to believe that the party forcing this action didn't know up until now that they

needed the City and the Township to be involved in this conversation. The right thing to do is to resign.

Motion by Ald. Gaugel, second by Ald. Vitek to recommend the resignation as a Sponsor Member and Release and Agreement to Indemnify and Hold Harmless.

Roll Call: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.
Motion Carried.

8. Finance Department

- *a. Recommendation to approve Funds Transfer Resolutions authorizing budgeted transfers in the aggregate amount of \$6,142,125.72 for miscellaneous transfers.
- b. Recommendation to Approve an Ordinance Abating a Portion of the 2018 Property Tax Heretofore Levied for the City of St. Charles.

Finance Director, Chris Minick stated that last December when going through the process of passing the 2018 tax levy ordinance, for collection of taxes in calendar year 2019, we made the recommendation that we would come back before you early 2019 seeking abatement/removal of the portion of the tax levy pertaining to the general obligation bonds outstanding for the City of St. Charles. Enclosed in the packet is an ordinance that would remove approximately \$8,322,000 from the 2018 tax levy. That \$8.3M represents the debt service payments due on the outstanding general obligation bonds for calendar year 2019. Consistent with prior direction/practice payment for those obligation bonds and the debt service payments would be made from the City's General Revenue Stream. If approved, after the abatement process, the 2018 tax levy would total \$12,537,176. Staff recommends approval.

Motion by Ald. Lemke, second by Ald. Payleitner to recommend approval of an Ordinance Abating a Portion of the 2018 Property Tax Heretofore Levied for the City of St. Charles.

Voice Vote: Ayes: Unanimous; Nays: None. Chairman Bancroft did not vote as Chair.
Motion Carried

9. Information Systems

- *a. Recommendation to approve an agreement with MCC Innovations (MCCi) for Laserfiche support and maintenance in the amount of \$27,360.
- b. Information Systems Capital Budget Plan Presentation.

Director of Information Services, Larry Gunderson presented the Capital Budget Plan for Information Systems. He focused on enterprise application (software), infrastructure (network switches, hardware), Security (confidentiality, integrity, availability of the data systems).

Enterprise applications support the core business operations of our departments. Key applications are applications that manage our financials, accounting, human resources and payroll. We put in a system called Lawson in 2010. Lawson is being redeveloped and it gives us an opportunity to look at the new application, or go out to market to find something different.

A lot of our existing applications are either outdated, need to be replaced, or we don't have them. In order to meet the needs we will release RFPs in the next fiscal year, and perhaps the following fiscal year. Funding for the projects will come from bond proceeds, as well as utility enterprise funds.

The budget plan in place uses a traditional model for financing or showing the budget for these applications. Traditional meaning, we buy the software, install and maintain onsite. It doesn't take into account that going forward a lot of the software vendors will propose cloud based/internet based applications, in which case this would be more of an operating expense and there wouldn't be as much capital expense up front.

There is \$120,000 budgeted for this current fiscal year. This is for a consultant to assist with the designs we have in place and releasing an RFP, and again potentially another RFP in FY 2021.

Infrastructure – servers, data storage, networking, switches, routers, etc. We have some major projects coming focused around infrastructure and some new investments we need to put in place. We have built some equity to our replacement fund and it will probably be the core source of funding for these projects. Fiscal year 2020 we will have one RFP for both the network infrastructure and servers and data storage. There was \$40,000 in fiscal year 2018 that was for the design work.

We have put in place an information security program based on best practices. We are using a prioritized approach with a continuous and proven model. The key thing with security is that it's not just security by itself, but we will incorporate into our new hardware and infrastructure a lot of the best practices we've designed for security. It will be embedded in our entire new infrastructure going forward.

What does this provide? This will provide is alignment with several 2015 Strategic Plan Goals. One of the key things was to reduce the complexity of our systems architecture. We think this will be a good long-term investment in our technology infrastructure. What used to be long-term in hardware/software terms 10 years or so, is now more like 7 years. With the application the vendors would like you to buy the software, and never really have to replace. The end goal is to build a sustainable secure architecture and make sure the software and systems put in place are supportable by staff, cost effective, and the best value for the City.

Ald. Lewis asked if we will need to spend this money every 7 years. Larry indicated that probably won't be the case; however the cost can't be predicted. In some cases it may be less. We think our capital costs will decrease going forward because a lot of things are being moved to the internet. There will be cost but it may be lower because of that. We are building in replacement cost every year so there are small expenditures over time and reduce the impact of one time purchases.

Ald. Gaugel said that one of the best ways to control costs is to compete anything and everything possible. If we have open RFPs, and do them as a best value, meaning it's not always the lowest price, but who provides the best solution with cost in mind. By doing this we ensure we are getting the best value for the city.

Larry agreed and stated that a lot of upfront work goes into design to make sure things are defined and that there are fewer questions to what's being proposed. This allows for a much cleaner process.

Ald. Lemke asked for confirmation that we are going out for an enterprise software application and based on that we're deciding what type of server, or if it can be cloud based?

Larry stated that there have been a lot of investments made over the years that now are in need of replacement. Part is a need, secondarily we are doing this in concert to our application to ensure that what we're purchasing we don't over buy. Our goal when reducing the complexity of our infrastructure is the assumption that some will be cloud based. We are looking for a good balance between the two.

Ald. Bancroft stated that security in the IT infrastructure and the IT world in general is as much a question of culture as having the right things in place. Most of what I've seen and experienced was human failure and not system failure. I'd like to encourage that in the budgeting process you have enough funds budgeted for training. Teaching people to be secure and what the right practices are is very important.

Larry agreed and mentioned that training has been incorporated into projects as well as the operating budget.

10. Executive Session

- Personnel – 5 ILCS 120/2(c)(1)
- Pending Litigation – 5 ILCS 120/2(c)(11)
- Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)
- Property Acquisition – 5 ILCS 120/2(c)(5)
- Collective Bargaining – 5 ILCS 120/2(c)(2)
- Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)

11. Additional Item from Mayor, Council, Staff or Citizens

12. Adjournment

Motion by Ald. Lemke, second by Ald. Payleitner to adjourn the meeting at 8:27 pm.

:tc